

Congestion revenues according to Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003

Background

The National Regulatory Authority for energy in Sweden, the Energy Markets Inspectorate (Ei), shall in accordance with Article 6(5) of Regulation (EC) No 714/2009¹, on an annual basis, and by 31 July each year publish a report setting out the amount of revenue collected and the use made of the revenues in question, together with verification that that use complies with the Regulation.

Ei has in letters dated 10 June 2016 to Affärsverket svenska kraftnät and Baltic Cable AB requested information on the amount of revenue collected during the period 1 July 2015 to 30 June 2016 and the use made of the revenues in question.

Price mechanisms are used to relieve grid congestion (bottlenecks) between the Nordic countries. The method used is implicit auctions through Nord Pool Spot. The congestion revenues are published on a monthly basis at Nord Pool Spot's website (currency EUR).

Affärsverket svenska kraftnät

Affärsverket svenska kraftnät (letter dated 5 July 2016) has reported congestion revenues as follows:

Table 1 Affärsverket svenska kraftnät

Month	Revenue (kSek)
July 2015	240 135
August 2015	264 214
September 2015	245 016
October 2015	153 162

¹ Commission decision 13 July 2009 amending the Annex to Regulation (EC) No 714/2009 on conditions for access to the network for cross-border exchanges in electricity, Annex Guidelines on the management and allocation of available transfer capacity of interconnections between national Systems, point 6.5 "On an annual basis, and by 31 July each year, the regulatory authorities shall publish a report setting out the amount of revenue collected for the 12-month period up to 30 June of the same year and the use made of the revenues in question, together with verification that use complies with this Regulation and those Guidelines and that the total amount of congestion income is devoted to the prescribed purposes".

Month	Revenue (kSek)
November 2015	138 928
December 2015	262 348
January 2016	211 347
February 2016	116 906
Mars 2016	128 555
April 2016	64 419
May 2016	66 444
June 2016	131 353
Total	2 022 827

Baltic Cable AB

Baltic Cable AB (letter dated 5 July 2016) has reported congestion revenues as follows:

Table 2 Baltic Cable

Month	Revenue (kSek)
July 2015	55 230
August 2015	42 994
September 2015	5 844
October 2015	41 720
November 2015	11 709
December 2015	12 536
January 2016	11 300
February 2016	10 559
Mars 2016	10 255
April 2016	5 995
May 2016	9 357
Juni 2016	16 676
Total	234 175

The use of collected congestion revenues

According to Affärsverket svenska kraftnät, collected revenues have been used to finance electricity grid reinforcements and that the purpose of the reinforcements is to reduce existing bottlenecks, guarantee the actual availability of the allocated capacity and maintain or increase interconnection capacities through network investments.

Ei can conclude from the information presented by Affärsverket svenska kraftnät that the use of the collected revenues complies with the Regulation. Ei has therefore not found any reason to further investigate Affärsverket svenska kraftnät's use of collected congestion revenues for the above mentioned period.

Baltic Cable AB has reported that the collected revenues mainly are used to guarantee the accessibility and allocation of the transfer capacity on the interconnector.

Ei has concluded that the situation is different regarding the use of congestion revenues for Baltic Cable AB compared to Affärsverket svenska kraftnät. The review of, to which extent the use of congestion revenues are in compliance with the Regulation, is diverged from the situation for other TSO's as a consequence of the following circumstances:

1. The congestion revenues has not occurred by bottlenecks in the part of the grid that the cables consist of,
2. the owners of the cables has not the opportunity to collect tariffs, i.e. there are no other sources of revenues,
3. the size of the congestion revenues is entirely settled by the markets on each side of the cables.

Ei concluded in 2014 and 2015 that Baltic Cable AB's reporting of the use of revenues from the allocation of interconnection contained explanations that required further analysis. On this basis, Ei further investigated the company's use of the revenues from allocation of interconnector in order to be able to conclude whether the use of the collected revenues complies with the Regulation. The investigation resulted in an imposition of fines directed to Baltic Cable on 9 June 2016. The imposition of fines is supplemented to this report. Baltic Cable has appealed Ei's decision.

Anne Vadasz Nilsson
Director General

Rebecka Thuresson
Legal adviser

Annex

1. Imposition of fines (swedish official version)
2. Imposition of fines (english version)